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FM AMCONSUL GUANGZHOU
TO RUEHC/SECSTATE WASHDC 4179
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUCPDOC/USDOC WASHDC
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UNCLAS SECTION 01 OF 02 GUANGZHOU 030941

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BEIJING FOR CG
STATE FOR CA/VO, EB, AND EAP/CM
USDOC FOR 4420/ITA/MAC/MCQUEEN
USPACOM FOR FPA

E.O. 12958: N/A

TAGS: CVIS ECON ETRD CH

SUBJECT: Mindrays! - Consular Outreach to Shenzhen Mindray in Shenzhen. Part 3 of 3.

REF: A) GUANGZHOU 30782 B) GUANGZHOU 30894 C) GUANGZHOU 031368 D)
GUANGZHOU 018161

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¶1. (SBU) SUMMARY: At an August 25 meeting with Congenoffs, Shenzhen Mindray officials - whose company is a fast-growing producer of low-cost medical diagnostic equipment - emphasized the importance of U.S. trade shows in their overall sales growth. Despite Mindray's heavy research and development focus, its products do not appear on the technology alert list (TAL); most of the company's employees are of little TAL concern. Note: This is the third of three cables about how the consular section is reaching out to Shenzhen companies to better understand the South China business environment and visa needs. (see Refs A and B). END SUMMARY

¶2. (U) Shenzhen Mindray is a Chinese medical device company that has received significant U.S. funding through venture capital firms in the United States. Although Mindray executives told us that U.S. investors had cashed out in 1999, the company does plan to open a new R&D center in Seattle and will seek to raise funds for expansion by offering an initial public offering on the New York Stock Exchange in 2007. Recent press reports confirm Mindray will trade under the symbol "MR" and will seek to raise USD 276 million in its IPO.

Shenzhen Mindray - More Science than Science Fiction

¶3. (U) Shenzhen Mindray, located in the glittering NanShan district of Shenzhen where the towering headquarters of ZTE (Ref C) casts a shadow on Mindray's smaller office, is a bio-medical electronics company with a 15 year history. Beginning in 1991 as a humble distributor of patient monitors in China, company founders sought venture capital funding from the United States and aggressively reinvested revenues from previous years into research and development. Today, the firm has its own lines of medical diagnostic equipment; it designs, manufactures, and markets patient monitors, ultrasound machines, and clinical laboratory equipment such as hematology and urine analyzers. Mindray recently entered the anesthesia machine market. Mindray markets under its own name but also serves as an OEM manufacturer for foreign medical product companies such as Datascience and BCI.

¶4. (SBU) Jie Liu, Vice President of International Marketing, Sammie

Su, Marketing Manager, and Lisa Li, Deputy Manager from the President's Office told Congenoffs that Mindray's workforce consisted of 2420 employees and they emphasized that the company was primarily a medical device R&D firm. Mindray does perform all of its own manufacturing due to the narrowness of its market and the high requirements of the Food and Drug Administration and other regulatory agencies, but over 800 of its employees are engineers engaged in R&D, and 70 percent of them have graduate degrees. Marketing comprises another third of the workforce; a third of its employees work in Mindray's factory in Xili, a short drive away.

VISAS

15. (SBU) Mr. Liu explained that while Mindray is making great strides in developing state-of-the-art technology in medical devices, it still cannot compete in the United States, Canada, Australia, and Western Europe with the likes of industry giants General Electric, Philips, and Siemens. Mindray thus purposefully tries to develop lower-cost, but still high-tech, products to suit its primary markets: Eastern Europe, Asia, and Latin America. Ms. Su explained that while the United States is a small market for Mindray, four large medical device trade shows held in the United States each year attract many potential purchasers from markets such as Latin America. The company's ability to send marketing and engineering teams of 12-15 people to each of these shows is crucial to its efforts.

16. (SBU) Mindray's main complaint about the visa process was that wait times are unpredictable due to administrative processing and issued visas are usually only for one entry. Ms. Su further commented that one entry visas are extremely inconvenient for company staff as they often need to transit the United States twice to visit with customers in Latin America on the same trip. A single

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entry visa forces employees to take less desirable routing. (Note: Visas issued after a Mantis Special Advisory Opinion are limited to single entry, three months. End note.) Conofffs explained they understood the frustration and that the meeting would help line officers better understand travel needs.

Comment

17. (SBU) Conofffs in the past have felt unease with issuing visas to applicants from Mindray without seeking a SAO, due in large part to the company's heavy emphasis on medical device research and development. After this facility tour and dialogue, Conofffs came away with the firm belief that Mindray is what it states itself to be: a manufacturer and producer of largely lower-cost, hospital-quality medical products. While high-tech in design, the products are primarily for hospital and clinical use in aiding patient diagnosis. In addition, the impending IPO on the New York Stock Exchange should make the company's plans and financing more transparent. None of Mindray's current product lines appears to be on the technology alert list. While Conofffs agreed that Mindray and its products should be monitored and were wary about Mr. Liu's unwillingness to comment on the founders backgrounds, there seems little need to perform SAOs on most applicants.

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